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Report Highlights:
MY 2006 production is forecast to rebound to 53,000 MT, a 12 percent increase over the previous year's estimate, mainly attributable to favorable weather conditions in the main production regions. Exports are forecast to increase to 47,000 MT, driven by increased production and strong demand on the international market.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Asparagus Situation and Outlook

MY 2006 (January-December) Mexican asparagus production is forecast at 53,000 MT, 12 percent above the previous year's estimate. This significant increase was driven by favorable weather and more sophisticated growing techniques, specifically more efficient use of water resources, necessitated by the rapidly depleting aquifers in the main growing regions. For MY 2005, the production estimate for fresh asparagus has been reduced from the previous forecast of 58,000 MT, to 47,145 MT. This reduction is attributable to unfavorable weather conditions in the key northern and central production areas. Official and private sources indicate that MY 2006 planted area will remain unchanged. Mexican asparagus exports are forecast to increase in MY 2006 to 47,000 MT, due to higher prices on the international market. The United States and Japan will continue to be the main export markets. The MY 2006 import estimate is forecast at 200 MT.

Production

MY 2006 fresh asparagus production is forecast at 53,000 MT, a substantial increase over MY 2005, mainly attributable to favorable winter temperatures at harvest time, which allowed for the opportune cutting of stalks. In addition, the use of improved seeds and advanced irrigation systems has helped producers realize higher yields despite limited water availability, resulting from a rapidly depleting water table. The MY 2005 production estimate was revised downward by 19 percent, to 47,145 MT, due to winter hails, low temperatures, and excessive rains in parts of Sonora (Northern Caborca), Baja California, and Guanajuato, in addition to limited water availability in other production regions.

Even though this crop provides considerable economic benefit to the Caborca region, MY 2006 area planted in the State of Sonora is not expected to increase, mainly due to the depletion of aquifers and the unavailability of producer credit. Reportedly, asparagus production under the "forward contract" scheme continues in the State of Guanajuato. Such contracts have allowed farmers to maintain their levels of production, decrease their risk exposure, and serve the domestic and international markets. Although the Baja California region does not have a problem with water availability, acreage for asparagus production is expected to remain stable. This is because even though asparagus continues to be a high profit-margin crop, producers are opting to increase their acreage in other horticultural crops that require less investment and are more profitable in the short term.

For MY 2006, all four of the main producing states are maintaining their levels of planted area. However, three of them - Sonora, Baja California Sur, and Guanajuato— are suffering from rapidly depleting aquifer levels. The MY 2005 estimates for area planted and area harvested have been revised downward by 8 percent due to water restrictions, lack of credits to renew or repopulate older plantations, and unfavorable weather. Figures for MY 2004 were kept unchanged.

MY 2006 yields are forecast to be higher than MY 2005, at 3.8 MT/Ha, assuming the continued use of advanced irrigation systems, improved seeds, and favorable weather.

Cost of Production

The overall costs of production for Mexican asparagus have increased, mainly because the water tables used to supply underground wells in many of the main growing areas are being depleted, thereby increasing the producer's pumping costs. Industry sources indicated that the cost for establishing a new asparagus planting is approximately USD $12,000-$13,000 per hectare. Annual field maintenance estimates have also increased to about USD $5,500-$6,000 per hectare, up from estimates of USD $5,000 a year ago.

Consumption

MY 2006 domestic consumption is forecast at 5,990 MT, well above the revised estimate of MY 2005. This increase is attributable to increased exports, driven by higher prices on the international market. This figure is much lower than historic levels, but still higher than the previous estimate. The Mexican domestic market can be considered a residual market for asparagus that does not enter the export market, thus relatively large shifts in consumption patterns can occur from year to year. MY 2005 asparagus consumption has been revised downward, to 2,352 MT. This significant decrease is mainly attributable to the decline in domestic production. The fresh domestic consumption estimate for MY 2004 was kept unchanged.

Although asparagus consumption in Mexican households is still extremely low, as most of the Mexican production is grown mainly for the fresh export market, domestic consumption is starting to increase. Traditionally, asparagus has been a food consumed by the more affluent population and within tourist resorts. However, the latest information from the processing industry indicates that consumption of fresh/frozen asparagus has been increasing gradually, driven by a relatively stable economy that is allowing the middle-income population to start consuming non-staple foods and other luxury items. In line with this trend, the use of fresh/frozen asparagus in the manufacturing of condensed and dehydrated products, mainly cream of asparagus soup, has been increasing gradually. Recently, some retail chain stores in middle-level income locations have been offering bunches of imported fresh asparagus spears, as well as other exotic horticultural products, in an effort to promote its consumption and the eventual development of new market niches. Currently, Peru is covering the fresh segment with both varieties —white and green— while sharing the domestic market, in the prepackaged processed segment, with China. The availability of green Peruvian produce and white Chinese asparagus in middle-income locations is becoming more common. Gourmet stores, located in high-income areas, have been offering asparagus to their customers for a number of years.

Trade

MY 2006 exports are forecast at 47,000 MT, an increase of 4 percent above the final MY 2005 export figures of 45,000 MT, due to an expectation that there will be strong international demand for high quality fresh asparagus from Mexico. Exports of fresh green asparagus to the United States are forecast to be near 40,000 MT in MY 2006, while the rest will be transshipped via the United States to Japan and the European Union (EU). Industry sources indicated that while demand for Mexican asparagus to the U.S. and Japan seems to have stabilized, Canada is increasing its share of imports from Mexico. MY 2004 figures were kept unchanged. Historically, export levels of canned Mexican asparagus have been insignificant.

It should be noted that although MY 2005 Secretariat of Economy (SE) official fresh asparagus export figure is 53,774 MT, private sources do not concur with this figure. Private estimates indicate that during MY 2005 roughly 45,000 MT was exported, a number more in line with the official MY 2005 production figure of 47,145 MT. (*note: U.S. General Imports figure show that the U.S. imported 45,972 MT from Mexico in MY 2005)*

MY 2006 imports are forecast at 200 MT, a 51 percent decrease from the revised MY 2005 import figure, primarily attributable to increased domestic production and higher international prices. During MY 2005, in light of decreased domestic production, fresh asparagus imports were 407 MT, driven by high demand from restaurants and tourist resorts. The main consumers of imported asparagus are gourmet restaurants, tourist resorts, and a small number of high-end retail establishments. According to recent data from SE, during MY 2004 and MY 2005 canned asparagus imports into Mexico were 422 MT and 320 MT, respectively. It is important to point out that in recent years China has been competing with Peru and Spain for a larger share in the Mexican canned asparagus market by supplying low priced white asparagus. However, Chinese produce is not yet comparable to the quality of the white and green Peruvian produce.

Prices

According to industry sources, the average export price for Mexican asparagus during MY 2005 was U.S. $36.00 per 30-pound box. In MY 2006, export prices are expected to be similar.

During MY 2005 wholesale prices of domestic fresh green asparagus ranged from U.S. $2.60-$3.83 per pound, while green asparagus retail prices in Mexico City were between U.S. $3.03-$4.21 per pound. Reportedly, the cyclical demand for Mexican green asparagus on the international market is the main cause of variations in domestic prices throughout the season.

A MY 2006 retail food store survey indicated that the average prices of Chilean fresh green and white asparagus averaged U.S. $3.29 per pound. Prices for canned produce ranged from U.S. $2.21-$2.66 per 330 gram package for the Peruvian green variety, while the Chinese white produce ranged from U.S. $1.68-$2.21 for a 330 gram package.

Policy

In accordance with the North American Free Trade Agreement (NAFTA), asparagus (H.S. 0709.20.10 & 0709.20.90) is imported from the United States duty free.

Due to the difficult production conditions in regions suffering from aquifer water depletion, the GOM's Purchase of Water Concession Program (*"Programa de Adquisicion de Derechos de Uso del Agua-PADUA"*) continues to be operational. This program, first enacted in August 2003 and modified in April 2004, establishes the government's right to use water resources to guarantee producers an adequate water supply.

PS&D Table

PSD Table						
Country	Mexico					
Commodity	Asparagus, Fresh					(HA)(MT)
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2004		01/2005		01/2006	
Area Planted	15,825	15,825	15,825	14,631	0	14,631
Area Harvested	13,812	13,812	14,000	13,000	0	14,000
TOTAL Production	52,500	52,500	58,000	47,145	0	53,000
Imports, Fresh	261	261	200	407	0	200
TOTAL SUPPLY	52,761	**52,761**	58,200	**47,552**	0	**53,200**
Exports, Fresh	37,211	37,211	48,000	45,000	0	47,000
Domestic Fresh Market	15,370	15,370	10,010	2352	0	5,990
For Processing	180	180	190	200	0	210
TOTAL UTILIZATION	52,761	**52,761**	58,200	**47,552**	0	**53,200**

Trade Matrix

ASPARAGUS, FRESH	H.S.T 070920		UNITS: METRIC TONS
EXPORTS FOR MY 2004 TO:		IMPORTS FOR MY 2004 FROM:	
U.S.	**37,211**	**U.S.**	**37**
OTHER		OTHER	
	0	PERU	141
	0	CHILE	83
TOTAL OF OTHER	0	TOTAL OF OTHER	224
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	**37,211**	**GRAND TOTAL**	**261**

ASPARAGUS, FRESH	H.S.T 070920		UNITS: METRIC TONS
EXPORTS FOR MY 2005 TO:		IMPORTS FOR MY 2005 FROM:	
U.S.	**53,753**	**U.S.**	**103**
OTHER		OTHER	
CANADA	18	PERU	225
EU	3	CHILE	79
TOTAL OF OTHER	21	TOTAL OF OTHER	304
OTHERS NOT LISTED	1	OTHERS NOT LISTED	0
GRAND TOTAL	**53,775**	**GRAND TOTAL**	**407**

ASPARAGUS, CANNED	H.S.T 200560		UNITS: METRIC TONS
EXPORTS FOR MY 2004 TO:		IMPORTS FOR MY 2004 FROM:	
U.S.	**0**	**U.S.**	**42**
OTHER		OTHER	
	0	CHINA	210
	0	PERU	85
TOTAL OF OTHER	0	TOTAL OF OTHER	295
OTHERS NOT LISTED	0	OTHERS NOT LISTED	85
GRAND TOTAL	**0**	**GRAND TOTAL**	**422**

ASPARAGUS, CANNED	H.S.T 200560		UNITS: METRIC TONS
EXPORTS FOR MY 2005 TO:		IMPORTS FOR MY 2005 FROM:	
U.S.	**0**	**U.S.**	**5**
OTHER		OTHER	
COSTA RICA	2	CHINA	198
		PERU	72
TOTAL OF OTHER	2	TOTAL OF OTHER	270
OTHERS NOT LISTED	0	OTHERS NOT LISTED	45
GRAND TOTAL	**2**	**GRAND TOTAL**	**320**

Source: World Trade Atlas, Internet Edition, February 2006.